

ACTIVANT OFFSET

FALCON HELPS SLOW HOUSING STARTS AT ZEELAND LUMBER



PROFILE

Headquarters: Zeeland, MI

Annual Sales: \$60 million

Sales Breakdown: 95% contractors,
5% retail

Number of Employees: 120

Locations: 1 store and 2 satellite
showrooms

Founded: 1947

Affiliation: PAL, ENAP and Guardian

“Falcon has helped us be successful during a market downturn. We’re more efficient, better informed and can react more quickly. Falcon is essential to our business.”

MIKE DYKSTRA

CHIEF OPERATING OFFICER
ZEELAND LUMBER

Executive Summary

Zeeland Lumber has been serving home builders and contractors in the Grand Rapids community for nearly 60 years. Zeeland Lumber was named the 2006 Pro Dealer of the Year awarded by Home Channel News. In 2004, the company migrated from its previous solution to Activant Falcon®. Since that time, Zeeland Lumber has reduced statement production time by 67%, increased turns from 8 to 12, and reduced inventory valuation from \$8.5 million to \$4.0 million. At the same time, customer service and market share have increased.

Housing Starts Decline Forces Business Reinvention

Michigan has the unattractive distinction of being a national leader in the decline in new housing starts. The exodus of manufacturing jobs has affected many other elements of Michigan’s economy, including housing. During the past 24 months, the Grand Rapids area has experienced an approximate 40% decline in housing starts. With 95% of Zeeland Lumber’s sales to contractors that specialize in new home construction, they had to strategically attack this challenge in order to grow. The company expanded product offerings beyond lumber by carrying roofing, siding, windows, interior trim, doors, decking, cabinetry and more. An equally important contributor to Zeeland’s success is its Falcon system.

Efficient Back Office Saves Sales and Preserves Margins

With many builders competing for a few projects, Zeeland Lumber’s market has become hyper-competitive. Every building job is quoted to four or five contractors, which in turn require quotes from four or five suppliers. “Contractors come to us dictating price and margin, so we must realize savings elsewhere in order to win that business. If we aren’t efficient, we won’t be competitive, and if we aren’t competitive we won’t remain in business,” explains Mike Dykstra, Chief Operating Officer.

Falcon enables Zeeland Lumber to be more efficient in the back office, which reduces overhead and provides needed cost savings. “We can price competitively, gain market share and increase customer service all by using fewer resources to run the business,” continues Mike. “With Falcon, we maintain our sales volume with fewer people. We’ve automated routine tasks that used to require staff. We’re doing more with less.”

Converting Quotes and Bids to Orders—Automation Delivers Results

Falcon’s ability to automatically convert quotes to orders is a huge time-saver for Zeeland Lumber. Customized quotes show section totals that show contractors the framing package total, interior door total, roofing package total, etc. “Contractors appreciate those section totals on our quotes and we can reuse those sections for other orders. Quote to order automation eliminates re-keying, which dramatically reduces the manpower required for order entry,” describes Mike.

For large builders, Zeeland Lumber creates master quotes for each model of house. When a builder calls, an estimator can pull up the house plan and material list, and automatically generate a quote. "We aren't entering data from a fax or re-keying from an old order. Previously, we had four to five people entering large contractor orders all day long. Now we have two or three people that simply convert quotes to orders. Falcon allows our estimators to do what they are supposed to do—estimate jobs," asserts Mike.

Document Imaging Quartet: Saves Time, Reduces Staff, Increases Service, Improves AR

Document Imaging has revolutionized Zeeland Lumber's back office operation. The company now manages its statements more efficiently and reduced monthly statement production of 2,000 statements from three days to under two hours. Zeeland Lumber moved people to other jobs because it no longer needs dedicated staff to file, sort, staple, etc.

"It's extremely convenient to research customer account questions. We simply pull up a customer's account information on the system and email or fax it to them without leaving the desk. We no longer have to put customers on hold or call them back while we scrounge through file cabinets," says Mike. "Customers love the improved service and the staff appreciates being empowered to quickly meet customer needs."

Armed with this easy access to customer account information, Zeeland Lumber better monitors its accounts. "With just a few clicks we can see aging reports or research accounts. It's much faster and helps us stay on top of our account balances. We've reduced our days outstanding by two or three days, which improves cash flow," explains Mike.

Monitoring the Business for Bottom-line Improvements

With Falcon, Zeeland Lumber has easy access to its business information and accounting data. Zeeland Lumber now uses more reports because employees can easily customize reports to meet their individual needs. Inventory management is one area that has really seen an improvement. "Everyday our product managers use reports that show their inventory with minimums and maximums. This makes it much easier for them to better balance inventory to have the right product quantity, without having too much product. We've increased our inventory turns from 8 to 12 and reduced our inventory value from \$8.5 to \$4 million. We're using that cash to do other things, rather than having it sit in the yard for three months," describes Mike.

"Falcon has helped us be successful during a market downturn. We're more efficient, better informed and can react more quickly. Our economics have improved with reduced days outstanding, increased turns and less cash tied up in inventory. And at the same time, we're delivering better customer service and increasing market share. The bottom-line is that Falcon is essential to our business," concludes Mike.



"With Falcon, we maintain our sales volume with fewer people. We've automated routine tasks that used to require staff. We're doing more with less," says Mike Dykstra, Chief Operating Officer at Zeeland Lumber.

ABOUT ACTIVANT

Activant, a leading technology provider of business management solutions serving small and medium-sized businesses, offers customers tailored proprietary software, professional services, content, supply chain connectivity, and analytics. Activant's systems are designed to help customers increase sales, boost productivity, operate more cost-efficiently, improve inventory turns and enhance trading partner relationships.

To learn more about this or other Activant products and services, please call 888.463.4700.



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